or inadequacies pursuant to Section 9 of this Agreement. Finisher shall take ownership of all weaner pigs upon delivery, and Finisher shall assume all risk of loss upon delivery. Finisher shall have no responsibility for paying for any weaner pigs that die or disappear in transit. Target shipment weight for each shipment of weaner pigs shall be an average of 10 pounds each.

4. Price and Terms for Weaner Pigs. Subject to the floor and ceiling set forth in Section 8 of this Agreement, and subject to adjustments and modifications as set forth in Sections 7 and 9 of this Agreement, the sale price for all weaner pigs sold hereunder shall be determined based on the Cargill Pig.Net Pricing Matrix ("The Pig.Net Base Matrix") attached hereto as Exhibit B. The Pig.Net Base Matrix is a formula for determining the price of weaner pigs, based on the projected initial size of the pigs, the projected future market price for the pig (including projected premiums), the projected number of days on feed, the projected average size of market hogs, the projected amount and price for feed, medication and freight, the projected death/cull rate, interest, and other, miscellaneous expenses incurred in raising and marketing pigs. In computing the projected feed cost, the Pig.Net Base Matrix, gathers, each week, a 26 week weighted average corn price, collected from key points in Iowa (currently, Cherokee, Atlantic, Rowan, Greeley, West Branch, and subject to change at Cargill's discretion) and then averaged. In computing the projected feed cost, the Pig.Net Base Matrix, gathers, each week, a 26 week weighted average soybean meal price, collected from key points in Iowa (currently, Cedar Rapids, DesMoines, and Iowa Falls, and subject to change at Cargill's discretion) and then averaged. Soybean meal will have a $10.00 per ton freight charge added to the weighted average price (or other amount as determined by Cargill from time to time). In computing the predicted future value of the weaner pig as market hogs, The Pig.Net Base Matrix utilizes a forward contract price, which equals the lean hog futures price for finished hogs on the Chicago Mercantile Exchange, for the time period that Finisher is projected to deliver finished hogs, plus or minus the Predicted Basis. The "Predicted Basis" shall mean the amount published by Excel Corporation as the Basis for all Pig.Net Weaner Pigs delivered on any particular week. Cargill shall calculate The Pig.Net Base Matrix price on a weekly basis.

Farrower shall invoice Finisher upon delivery of weaner pigs, and Finisher shall pay Farrower upon delivery of pigs.

5. Finisher's Obligation to Forward Contract Sale of Weaner Pigs. Finisher shall forward contract for the sale of all pigs sold hereunder pursuant to a forward contract pricing formula that supports prices to be paid hereunder. In the event that Finisher fails to enter into such a forward contract, Farrower shall be relieved from its obligation to deliver weaner pigs to Finisher, for so long as Finisher fails to do so. In addition, Finisher shall be liable to Farrower for any losses Farrower incurs as a result of Finisher's failure to enter into such a forward contract, and Finisher shall be liable to Cargill for liquidated damages